

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UW 132

In the Matter of

RUNNING Y UTILITIES, INC.

Request for a General Rate Revision.

ORDER

DISPOSITION: STIPULATION ADOPTED

**I. INTRODUCTION**

In this Order, the Public Utility Commission of Oregon (Commission) adopts the Stipulation entered into by Running Y Utilities, Inc. (Running Y, or the Company), and Commission Staff, the only parties in this docket. The Stipulation resolves all issues in this proceeding.

Running Y provides water to approximately 600 customers near Klamath Falls, Oregon. These include residential, commercial, and irrigation customers at Running Y Ranch Resort and the RidgeWater community, as well as a golf course customer at Running Y Ranch Resort.<sup>1</sup>

On November 12, 2008, Running Y filed an application seeking a 19.3 percent increase in revenues and an 8 percent return on a rate base of \$3,927,255.<sup>2</sup> This increase, if granted, would result in total annual revenues of \$510,280. A public comment meeting and prehearing conference was held on December 8, 2008. Commission Staff, representatives of the Company, and several customers attended. On February 26, 2009, Running Y and Staff filed a joint stipulation (Stipulation) with supporting testimony.

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<sup>1</sup> Running Y Ranch Resort and RidgeWater are separate water systems served by the Company.

<sup>2</sup> Running Y's last rate case application was filed on January 17, 2006. On June 1, 2006, the Commission issued Order No. 06-265 approving an 8.98 percent increase in revenues, resulting in total revenues of \$397,194 with a 4.86 percent rate of return on a rate base of \$3,090,688. At that time, the Company provided water service to around 500 customers.

## II. THE STIPULATION

### A. Summary

In the Stipulation, the parties agree to a 19.3 percent rate increase and \$510,280 total revenue requirement. The Stipulation modifies the rate structure proposed in the application, however, and provides for a 3.736 percent rate of return on a rate base of \$4,067,337. The Stipulation results in net income of \$151,944.

Under the Stipulation, the average monthly bill for a residential customer would increase from \$41.96 to \$43.21,<sup>3</sup> the average monthly bill for a commercial customer would decrease from \$38.20 to \$37.81,<sup>4</sup> and the average monthly bill for a non-golf course irrigation customer would increase from \$28.78 to \$47.44.<sup>5</sup> Depending on usage, the average monthly golf course irrigation bill would increase from approximately \$6,248.46 to \$6,585.92.

### B. Revenue Requirement

In reaching the stipulated numbers, Staff made a number of adjustments to the Company's proposed test year expenses, rate base, and rate of return.

#### Expenses

Two key adjustments to Running Y's test year expenses are described here. The other modifications are detailed in Staff's exhibits.<sup>6</sup> The first adjustment relates to \$17,831 included by the Company in its test year O&M Materials and Supplies account. After analyzing information provided by the Company, Staff found that \$8,908 actually represented meter costs and moved them to an appropriate account representing utility plant. Staff also removed from the account \$5,109 for the purchase of backflow devices. Staff found that the devices were sold to builders and were not appropriately included in the O&M account. After Staff's adjustments, the stipulated amount for O&M Materials and Supplies is \$3,814.

The second adjustment relates to Running Y's proposed \$31,015 for accounting expenses. Staff noted that Running Y's accounting services are provided under a management and office services agreement approved by the Commission in docket UI 206 with a number of conditions. Specifically, Order No. 02-895 stated that Running Y's expenses under the agreement could not exceed \$17,000 for calendar year 2002, and was limited thereafter by an annual escalation rate of 3 percent per year. Staff applied an escalation rate derived from the U.S. Department of Labor Consumer Price

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<sup>3</sup> Assumes average monthly usage of 6,622 gallons.

<sup>4</sup> Assumes 5/8-inch or 3/4-inch meter with average monthly usage of 3,122 gallons.

<sup>5</sup> Assumes 5/8-inch or 3/4-inch meter with average monthly usage of 45,903 gallons.

<sup>6</sup> See Staff/101, Sloan/1-2.

Index from 2002 through 2008, and recommended that only \$20,063 be allowed for accounting expenses.<sup>7</sup>

### **Rate Base and Rate of Return**

Staff made a number of adjustments to the Company's proposed rate base and rate of return. After reviewing the Company's corporate book of depreciation, the plant recorded in docket UW 112, and responses to data requests, Staff concluded that \$46,982 should be added to the amount claimed by the Company for utility plant in service for a total of \$12,386,383. Staff adjusted the Company's accumulated depreciation from \$2,066,379 to \$846,491 using the appropriate average service lives for the assets at issue.<sup>8</sup> In addition, Staff found that \$7,488,440 of the Company's proposed plant in service represented excess capacity and removed this amount. These adjustments resulted in net utility plant of \$4,051,452.<sup>9</sup> This net utility plant, along with working cash of \$15,885, yields a rate base of \$4,067,337. Although the Company's weighted cost of capital would support a 6.80 percent rate of return on this rate base under a traditional analysis, the Stipulation provides for only a 3.736 percent rate return in order to limit Running Y's revenue requirement to \$510,280, the amount requested in the Company's application.

#### **C. Rate Spread**

Under the Stipulation, the Company would collect \$408,964 in revenues from residential, commercial, and non-golf course irrigation customers, \$79,031 from its golf course irrigation customer, and \$22,285 from the Cross Connection Program to reach its total stipulated revenue requirement of \$510,280.

#### **D. Rate Design**

In its application, Running Y asked Staff to help the Company develop an appropriate rate design for each customer class. Staff and Running Y worked together to develop the rates proposed in the Stipulation.

##### **1. Residential, Commercial, and Non-Golf Course Irrigation**

#### **Rates.**

In developing rates for residential, commercial, and non-golf course irrigation customers, Staff noted that, from a cost-of-service perspective, rates for these customer classes should be the same.<sup>10</sup> Staff found, however, that moving the non-golf course irrigation customers to the same base and variable rates set for residential

<sup>7</sup> If Running Y believes it needs more funds for management and office services, Staff recommends that the Company file a revised agreement for Commission review.

<sup>8</sup> Staff's calculation was consistent with the method originally developed by the National Association of Regulatory Utility Commissioners.

<sup>9</sup> The adjusted amount is \$141,222 above the test year amount of \$3,910,230 shown in the application.

<sup>10</sup> These classes all use potable water, and they are served from the same wells, the same mains, and the same service lines.

and commercial customers would result in excessive rate shock because current rates for non-golf course irrigation customers are set artificially low. As a result, the stipulated rates for these classes have been adjusted to better reflect appropriate rates, but Running Y will continue to charge these classes of customers under different rate structures.

Although constrained by the need to avoid rate shock, Staff took a number of steps to partially remedy the inequality in rates. The Stipulation establishes the same base rates for 5/8-inch and 3/4-inch residential and commercial customers and the same variable rates for residential and commercial customers for all sized meters. The Stipulation also increases both base and variable rates for non-golf course irrigation customers, whose rates are currently set excessively low. The Stipulation limits rate increases for these customers, however, so that rates will not increase by more than 100 percent for any sized meter.<sup>11</sup> Finally, the Stipulation decreases the meter size factors for commercial customers with 1-inch, 2-inch, and 3-inch meters in order to promote fairness in the overall rate structure.<sup>12</sup> Staff and the Company agree to continue to move the residential, commercial, and non-golf course irrigation rates to a uniform rate with each subsequent rate filing by the Company.

In developing an appropriate split between variable and base rates, the Stipulation moves the Company’s rates as a whole closer to the Commission’s preference for an approximate 40/60 split. In docket UW 112, the parties stipulated to a 22/78 split for residential customers, a 28/72 split for commercial customers, a 34/66 split for non-golf course irrigation customers, and a 40/60 split for the golf course. The Stipulation retains the 40/60 split for golf course irrigation rates, but includes an approximate 26/74 split for residential, commercial, and non-golf course irrigation customers. Because Staff combined residential, commercial, and non-golf course irrigation revenues, using a 40/60 split could result in rate shock for some of those customer classes. Staff and the Company agree to continue to move the split closer to the 40/60 baseline with each subsequent rate filing by the Company.

The tables below summarize Running Y’s current rates for residential, commercial, and non-golf course irrigation customers; the rates proposed in Running Y’s application; and the stipulated rates.

**Residential Rates**

<b>Residential Rate Design</b>	<b>Current Rates</b>	<b>Rates Proposed in Application</b>	<b>Stipulated Rates</b>
Base 3/4” and 5/8”	\$33.00	\$32.00	\$33.00
Tier 1 Variable (per 1,000 gal.)	\$1.3530	\$2.16	\$1.542

<sup>11</sup> Where a company has different meter sizes, Staff ordinarily applies American Water Works Association (AWWA) factors, or some modification of those factors, to the differently sized meters. This increases rates for customers with larger meters because such customers place a greater potential demand on the water system.

<sup>12</sup> The Stipulation applies the full AWWA factors to commercial 1-inch, 2-inch, and 3-inch meters, which actually lowers the rates going forward.

Tier 2 Variable (per 1,000 gal.)	\$1.7841	N/A	\$1.992
Average Monthly Bill <sup>13</sup>	\$41.96	\$46.30	\$43.21

### Commercial Rates

Commercial Rate Design	Current Rates	Rates Proposed in Application	Stipulated Rates
Base 3/4" and 5/8"	\$34.00	\$30.50	\$33.00
Base 1"	\$93.00	\$36.63	\$82.50
Base 1.5"	\$170.00	\$176.90	\$165.00
Base 2"	\$404.00	\$317.19	\$264.00
Base 3"	\$716.00	\$683.17	\$495.00
Tier 1 Variable (per 1,000 gal.)	\$1.3450	\$3.71	\$1.542
Tier 2 Variable (per 1,000 gal.)	\$1.7758	N/A	\$1.992
Average Monthly Bill (3/4" and 5/8") <sup>14</sup>	\$38.20	\$42.08	\$37.81

### Non-Golf Course Irrigation Rates

Non-Golf Course Irrigation Rate Design	Current Rates	Rates Proposed in Application	Stipulated Rates
Base 3/4" and 5/8"	\$11.50	\$32.40	\$19.80
Base 1"	\$22.00	\$16.95	\$37.95
Base 1.5"	\$22.00	\$42.35	\$43.56
Base 2"	\$46.34	\$50.50	\$85.80
Variable (per 1,000 gal.)	\$0.376	\$0.397	\$0.602
Average Monthly Bill (3/4" and 5/8") <sup>15</sup>	\$28.78	\$50.62	\$47.44

## 2. Stipulated Golf Course Irrigation Rates

With respect to golf course irrigation rates, the parties stipulate to a 40/60 split for collection of variable and base rate revenues. The current rates, proposed rates, and stipulated rates are detailed in the table below.

<sup>13</sup> Residential average monthly bill is based on an average monthly usage of 6,622 gallons. See Staff/100, Sloan/6.

<sup>14</sup> Staff used 5/8 inch and 3/4 inch for illustrative purposes. The commercial average monthly bill is based on an average monthly usage of 3,122 gallons. The commercial average monthly bill for each sized meter will differ. See Staff /101, Sloan/7-11.

<sup>15</sup> Staff used 5/8 inch and 3/4 inch for illustrative purposes. The non-golf course irrigation average monthly bill is based on an average monthly usage of 45,903 gallons. The non-golf course irrigation average monthly bill for each sized meter will vary. See Staff/101, Sloan/12-15.

**Golf Course Irrigation Rates**

<b>Golf Course Irrigation Rate Design</b>	<b>Current Rates</b>	<b><i>Rates Proposed in Application</i></b>	<b>Stipulated Rates</b>
Base 12"	\$3,780.00	<i>\$4,132.58</i>	\$3,951.55
Variable (per 1,000 gal.)	\$0.2094	<i>\$0.2337</i>	\$0.2235

**Miscellaneous service charges.** The parties also stipulate to miscellaneous service charges set forth in Schedule No. 5 in Attachment B to the Stipulation.

**III. DISCUSSION**

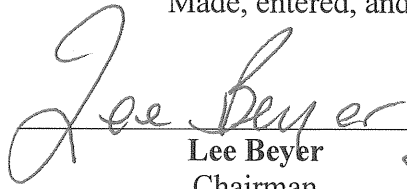
The Commission has reviewed the Stipulation, together with the supporting testimony and exhibits filed by Staff. We conclude that the revenue requirement and rate design proposals set forth in the Stipulation are fair, just, and reasonable and should be adopted. The Stipulation is attached to this Order as Appendix A and incorporated in this Order by reference.


**ORDER**

IT IS ORDERED that:

1. The Stipulation attached to this order as Appendix A is adopted.
2. Running Y Utilities, Inc., shall charge rates in accordance with the schedules attached to Appendix A.
3. The revised tariff schedules set forth in the Stipulation shall become effective on March 21, 2009.
4. The tariffs filed by Running Y on November 12, 2008, are permanently suspended.

Made, entered, and effective MAR 20 2009.

  
\_\_\_\_\_  
**Lee Beyer** *JA*  
Chairman

  
\_\_\_\_\_  
**John Savage**  
Commissioner

  
\_\_\_\_\_  
**Ray Baum**  
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 132

In the Matter of	)	
RUNNING Y UTILITIES, INC.	)	STIPULATION
Proposed Tariffs for Water Service.	)	

Running Y Utilities, Inc. (RYU or Company), appearing by and through its authorized representative, Lori Black, and the Public Utility Commission Staff (Staff) appearing by and through its attorney, Jason W. Jones, Assistant Attorney General, enter into this Stipulation and resolution of all issues between them.

1.

Staff's written testimony, exhibits, and tariff sheets will be received into evidence pursuant to this stipulation without requiring any party to lay a foundation for its admission.

2.

The Parties support and recommend the Commission adopt a 19.3 percent increase over test year revenues. Based on the test period, this increase results in a total revenue requirement of \$510,280. The stipulated Revenue Requirement is included as Attachment A. Attachment B contains the Company's tariff sheets, PUC Oregon No. 3, Original Sheets No. 1 through 31, showing the Company's rates, rules, and regulations.



1 3.

2 The Parties support total revenue deductions of \$358,337 and a 3.736 percent  
3 return on rate base of \$4,067,337 resulting in net income of \$151,944.

4 4.

5 The Parties agree that the following set of rates, if adopted by the Commission,  
6 is expected to collect revenues consistent with to the stipulated revenue requirement.

7 5.

8 The Parties agree and support the Company charging residential rates  
9 according to the rate schedule set forth in the tariff sheet designated PUC Oregon  
10 No. 3, Original Sheet No. 3, Schedule No. 1.

11 6.

12 The Parties agree and support the Company charging commercial rates  
13 according to the rate schedule set forth in the tariff sheet designated PUC Oregon  
14 No. 3, Original Sheet No. 4, Schedule No. 2.

15 7.

16 The Parties agree and support the Company charging non-golf irrigation rates  
17 according to the rate schedules set forth in the tariff sheet designated PUC Oregon  
18 No. 3, Original Sheet No. 5, Schedule No. 3.

19 8.

20 The Parties agree and support the Company charging golf course irrigation  
21 rates according to the rate schedules set forth in the tariff sheet designated PUC  
22 Oregon No. 2, Original Sheet No. 6, Schedule No. 4.

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9.

The Parties agree and support the Company charging Miscellaneous Services Charges according to Schedule No. 5 as set forth in the tariff sheet designated as PUC Oregon No. 3, Original Sheet No. 7.

10.

In addition, the Parties agree and support the Company charging Cross Connection Control Program and Backflow Prevention Device Service Fees according to Schedule No. 6 as set forth in the tariff sheets designated as PUC Oregon No. 3, Original Sheets No. 8 - 10.

11.

The Parties agree that the new rates should be effective for service upon Commission order, but no earlier than March 21, 2009. The Company agrees to conduct meter readings for all customers on March 20, 2009, and bills based on those meter readings and accompanying usage through March 20, will be based on current rates, and not on the recommended proposed rates.

12.

By entering into this Stipulation, no Party shall be deemed to have approved, accepted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at the agreed revenue requirement, rate spread, and design.

13.

The Parties recommend that the Commission adopt this stipulation in its entirety. The Parties have negotiated this stipulation as an integrated document.

1 Accordingly, if the Commission rejects all or any material portion of this stipulation,  
2 each Party reserves the right, upon written notice to the Commission and all Parties  
3 to this proceeding within 15 days of the date of the Commission's order, to withdraw  
4 from the stipulation and request an opportunity for the presentation of additional  
5 evidence and argument.

6 14.

7 The Parties understand that this stipulation is not binding on the Commission  
8 in ruling on this application and does not foreclose the Commission from addressing  
9 other issues.

10  
11 DATED this 24th day of February 2009.

12 Respectfully submitted,

13  
14 JOHN KROGER  
15 Attorney General

16  
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18  
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20 

21 Jason W. Jones, # 00059  
22 Assistant Attorney General  
Of Attorneys for PUC Staff

1 Accordingly, if the Commission rejects all or any material portion of this stipulation,  
2 each Party reserves the right, upon written notice to the Commission and all Parties  
3 to this proceeding within 15 days of the date of the Commission's order, to withdraw  
4 from the stipulation and request an opportunity for the presentation of additional  
5 evidence and argument.

6 12.

7 The Parties understand that this stipulation is not binding on the Commission  
8 in ruling on this application and does not foreclose the Commission from addressing  
9 other issues.

10  
11 DATED this 25<sup>th</sup> day of February 2009.

12  
13 

14 Lori Black  
15 Authorized Representative for  
16 Running Y Utilities, Inc.

Running Y Utility Company  
UW 132  
Test Year: 2007

Company Case  
19.3%

Staff  
19.3%

		A	B	C	D	E	F	G	
Acct. No.	REVENUES	Balance Per Application Test Year: 2007	Proposed Company Adjustments	Adjusted Results (A+B=C)	Proposed Staff Adjustments	Adjusted Results (A+D=E)	Staff Proposed Rev Changes	Proposed Results (E+F=G)	Difference between Staff & Company
1	461.1 Res/Com/Irr Water Sales*	236,983	46,659	283,642	145,160	382,143	26,820	408,964	\$125,322
2	461.2 Commercial Water Sales	71,916	14,200	86,116	(71,916)	0	0	0	-\$86,116
3	465 Irrigation - Non GC	28,761	10,341	39,102	(28,761)	0	0	0	-\$39,102
4	462 Irrigation - GC	73,848	8,804	82,652	0	73,848	5,183	79,031	-\$3,621
5	471 Misc. Revenues			0	0	0	0	0	\$0
6	Backflow Testing	16,320	2,448	18,768	5,965	22,285	0	22,285	\$3,517
7	TOTAL REVENUE	427,828	82,452	510,280	50,448	478,276	32,004	510,280	\$0
8				510,280	50,448	478,276		510,280	\$32,004
9	OPERATING EXPENSES								Plugged - prevents circular on 149 (gross revenue fee)
10	601 Salaries and Wages - Employees	50,267	6,244	56,511	6,238	56,505		56,505	-\$6
11	603 Salaries and Wages - Officers			0	0	0		0	\$0
12	604 Employee Pension & Benefits	12,293	2,950	15,243	858	13,151		13,151	-\$2,092
13	610 Purchased Water			0	0	0		0	\$0
14	611 Telephone/Communications	583	(63)	520	(63)	520		520	\$0
15	615 Purchased Power	52,196	6,804	59,000	8,818	61,014		61,014	\$2,014
16	618 Chemical / Treatment Expense			0	0	0		0	\$0
17	619 Office Supplies	507	162	669	162	669		669	\$0
18	619.1 Postage	883	(544)	339	(544)	339		339	\$0
19	620 O&M Materials/Supplies	17,831	(16,602)	1,229	(14,017)	3,814		3,814	\$2,585
20	621 Repairs to Water Plant	3,401	(401)	3,000	(401)	3,000		3,000	\$0
21	631 Contract Svcs - Engineering	4,735	1,002	5,737	1,002	5,737		5,737	\$0
22	632 Contract Svcs - Accounting	30,112	903	31,015	(10,049)	20,063		20,063	-\$10,952
23	633 Contract Svcs - Legal			0	0	0		0	\$0
24	634 Contract Svcs - Management Fees			0	0	0		0	\$0
25	635 Contract Svcs - Testing	2,820	(1,620)	1,200	(1,048)	1,772		1,772	\$572
26	636 Contract Svcs - Labor I/C	5,510	171	5,681	171	5,681		5,681	\$0
27	637 Contract Svcs - Billing/Collection			0	0	0		0	\$0
28	638 Contract Svcs - Meter Reading			0	0	0		0	\$0
29	639 Contract Svcs - Other			0	0	0		0	\$0
30	641 Rental of Building/Real Property		1,001	1,001	1,800	1,800		1,800	\$799
31	642 Rental of Equipment		58	58	58	58		58	\$0
32	643 Small Tools	174	(152)	22	(152)	22		22	-\$0
33	648 Computer/Electronic Expenses			0	348	348		348	\$348
34	650 Transportation	3,093	(1,395)	1,698	(1,157)	1,936		1,936	\$238
35	656 Vehicle Insurance	1,400	1,000	2,400	1,000	2,400		2,400	\$0
36	657 General Liability Insurance	878	(278)	600	(196)	683		683	\$83
37	658 Workers' Comp Insurance	274	55	329	(62)	212		212	-\$117
38	659 Insurance - Other	757	(104)	653	(34)	723		723	\$170
39	660 Public Relations/Advertising	70	25	95	25	95		95	\$0
40	666 Amortz. of Rate Case		3,000	3,000	2,796	2,796		2,796	-\$204
41	667 Gross Revenue Fee (PUC)	1,174		1,174	0	1,174	80	1,254	\$80
42	668 Water Resource Conservation			0	0	0		0	\$0
43	670 Bad Debt Expense			0	0	0		0	\$0
44	671 Cross Connection Control Program			0	3,132	3,132		3,132	\$3,132
45	672 System Capacity Dev Program			0	0	0		0	\$0
46	673 Training and Certification	1,944	(694)	1,250	(825)	1,119		1,119	-\$131
47	674 Consumer Confidence Report			0	0	0		0	\$0
48	675 General Expense	3,264	(1,665)	1,599	(1,401)	1,863		1,863	\$264
49	TOTAL OPERATING EXPENSE	194,166	(143)	194,023	(3,542)	190,624	80	190,704	-\$3,319
50				194,023	(3,542)	190,624		190,704	
51	OTHER REVENUE DEDUCTIONS								
52	403 Depreciation Expense	286,407		286,407	(160,131)	126,276		126,276	-\$160,131
53	407 Amortization Expense			0	0	0		0	\$0
54	408.11 Property Tax			0	17	17		17	\$17
55	408.12 Payroll Tax			0	4,964	4,964		4,964	\$4,964
56	408.13 Other	4,608	373	4,981	(4,608)	0		0	-\$4,981
57	409.11 Oregon Income Tax			0	4,004	4,004	2,107	6,111	\$6,111
58	409.10 Federal Income Tax			0	19,830	19,830	10,436	30,266	\$30,266
59	TOTAL REVENUE DEDUCTIONS	485,181	230	485,411	(139,467)	345,714	12,623	358,337	-\$127,074
60	NET OPERATING INCOME	(57,353)	82,222	24,869	189,915	132,562	19,381	151,944	\$127,075
61				24,869	189,915	132,562			
62	101 Utility Plant in Service	12,339,401		12,339,401	46,982	12,386,383		12,386,383	\$46,982
63	Less:								
64	Excess Capacity	6,362,792		6,362,792	1,125,648	7,488,440		7,488,440	
65	108.1 Depreciation Reserve	2,066,379		2,066,379	(1,219,888)	846,491		846,491	-\$1,219,888
66	271 Contributions in Aid of Const			0	0	0		0	\$0
67	272 Amortization of CIAC			0	0	0		0	\$0
68	281 Accumulated Deferred Income Tax			0	0	0		0	\$0
69	Net Utility Plant	3,910,230	0	3,910,230	141,222	4,051,452	0	4,051,452	\$141,222
70	Plus: (working capital)			3,910,230	141,222	4,051,452		4,051,452	
71	151 Materials and Supplies Inventory		0	0	0	0		0	\$0
72	Working Cash (Total Op Exp /12)	17,025	(12)	17,013	(1,140)	15,885	0	15,885	-\$1,128
73	TOTAL RATE BASE	3,927,255	(12)	3,927,243	140,082	4,067,337	0	4,067,337	\$140,094
74	Rate of Return	-1.46%		0.63%		3.26%		3.736%	\$510,280
					140,082	4,067,337			Plugged

\*Revenues are combined for UW 132 Revenue Requirement

Company number of customers 627  
op/exp/cust/year \$304  
Cash Flow 311,276

APPENDIX A  
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**Containing Rules and Regulations  
Governing Water Utility Service**

**NAMING RATES FOR**

**RUNNING Y UTILITIES, INC.**

(name of utility)

**5115 RUNNING Y ROAD**

(address)

**KLAMATH FALLS OR 97601**

(city, state, & zip code)

**(541) 850-5566 – Main Office Telephone**

(telephone numbers and type)

Serving water in the vicinity of

**Running Y Ranch Resort and RidgeWater, Klamath Falls, Oregon**

Issue Date		Effective for Service on and after	
Issued By	Running Y Utilities, Inc.		
Signature			
Name & Title			

ADVICE NO. \_\_\_\_\_  
(PUC USE ONLY)

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Issue Date		Effective for Service on and after	
Issued By	Running Y Utilities, Inc.		
Signature			
Name & Title			

ADVICE NO. \_\_\_\_\_  
 (PUC USE ONLY)

**SCHEDULE NO. 1**

**RESIDENTIAL METERED RATES**

Available: To customers of Running Y Utilities, Inc. at Running Y Ranch Resort, RidgeWater, and vicinity, Klamath Falls, Oregon.

Applicable: To residential premises.

**Base Rate**

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$33.00	None	gallons

**Commodity Usage Rate**

Tier	Commodity Rate	Number of Units	Unit of Measure	Tier Consumption		Unit of Measure
Tier 1	\$1.542	Per 1,000	gallons	Up to	25,000	gallons
Tier 2	\$1.992	Per 1,000	gallons	Above	25,000	gallons

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 26, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

Issue Date		Effective for Service on and after	
Issued By	Running Y Utilities, Inc.		
Signature			
Name & Title			

ADVICE NO. \_\_\_\_\_  
(PUC USE ONLY)



**SCHEDULE NO. 2**

**COMMERCIAL/INDUSTRIAL METERED RATES**

Available: To customers of Running Y Utilities, Inc. at Running Y Ranch Resort, RidgeWater, and vicinity, Klamath Falls, Oregon.

Applicable: To commercial/industrial premises.

**Base Rate**

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 inch or 3/4 inch	\$33.00	None	gallons
1 inch	\$82.50	None	gallons
1½ inches	\$165.00	None	gallons
2 inches	\$264.00	None	gallons
3 inches	\$495.00	None	gallons

**Commodity Usage Rate**

Tier	Commodity Rate	Number of Units	Unit of Measure	Tier Consumption		Unit of Measure
Tier 1	\$1.542	Per 1,000	gallons	Up to	25,000	gallons
Tier 2	\$1.992	Per 1,000	gallons	Above	25,000	gallons

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 26, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

Issue Date		Effective for Service on and after	
Issued By	Running Y Utilities, Inc.		
Signature			
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ADVICE NO. \_\_\_\_\_  
(PUC USE ONLY)

**SCHEDULE NO. 3**

**IRRIGATION (NON-GOLF COURSE) METERED RATES**  
**(delivered under pressure)**

**Available:** To customers of Running Y Utilities, Inc. at Running Y Ranch Resort, RidgeWater, and vicinity, Klamath Falls, Oregon.

**Applicable:** To irrigation (non-golf course) customers.

**Base Rate**

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 inch or 3/4 inch	\$19.80	None	gallons
1 inch	\$37.95	None	gallons
1½ inches	\$43.56	None	gallons
2 inches	\$85.80	None	gallons

**Variable Usage Rate**

Variable Rate	Number of Units	Unit of Measure	Base Usage Allowance	Unit of Measure
\$0.602	Per 1,000	gallons	None	gallons

**Special Provisions:**

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 26, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

Issue Date		Effective for Service on and after	
Issued By	Running Y Utilities, Inc.		
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ADVICE NO. \_\_\_\_\_  
(PUC USE ONLY)

**SCHEDULE NO. 4**

**GOLF COURSE METERED RATES**  
**(delivered at atmosphere)**

Available: To customers of Running Y Utilities, Inc. at Running Y Ranch Resort, Klamath Falls, Oregon.

Applicable: To irrigation (golf course) customers.

**Base Rate**

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 inch or 3/4 inch	NA	None	gallons
1 inch	NA	None	gallons
1½ inches	NA	None	gallons
2 inches	NA	None	gallons
12 inches	\$3,951.55	None	gallons

**Variable Usage Rate**

Variable Rate	Number of Units	Unit of Measure	Base Usage Allowance		Unit of Measure
\$0.2235	Per 1,000	gallons	Above	None	gallons

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 26, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

Issue Date		Effective for Service on and after	
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ADVICE NO. \_\_\_\_\_  
(PUC USE ONLY)

**SCHEDULE NO. 5**

**MISCELLANEOUS SERVICE CHARGES**

This schedule lists the miscellaneous charges included in the utility's Rules and Regulations; refer to the appropriate rules for an explanation of charges and conditions under which they apply.

<u>Connection Charge for New Service</u> (Rule No. 9)	
Standard 3/4-inch service	At cost
Nonstandard 3/4 inch service	At cost
Larger than 3/4-inch	At cost
Irrigation hookup (if provided on separate system)	At cost
<u>Meter Test</u> (Rule No. 21)	
First test within 12-month period	N/C
Second test within 12-month period	\$25.00
<u>Pressure Test</u> (Rule No. 40)	
First test within 12-month period	N/C
Second test within 12-month period	\$25.00
<u>Late-Payment Charge</u> (Rule No. 22)	
Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/09 - 1.5%)
<u>Deposit for Service</u> (Rule No. 5)	
	Pursuant to OAR 860-036-0050 (as of 1/1/09 - 1.5%)
<u>Returned-Check Charge</u> (Rule No. 23)	
	\$20.00 each occurrence
<u>Trouble-Call Charge</u> (Rule No. 36)	
During normal office hours	\$25.00 per hour
After normal office hours on special request	\$50.00 per hour
<u>Disconnection/Reconnect Charge</u> (Rule No. 28 & 29)	
During normal office hours	\$25.00
After normal office hours on special request	\$50.00
<u>Unauthorized Restoration of Service</u> (Rule No. 30)	
	Reconnection charge plus costs
<u>Damage/Tampering Charge</u> (Rule No. 34)	
	At cost
<u>Disconnect-Visit Charge</u> (Rule No. 29)	
	\$25.00

Issue Date		Effective for Service on and after	
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**SCHEDULE NO. 6**

**CROSS CONNECTION CONTROL PROGRAM**

**BACKFLOW PREVENTION DEVICE SERVICES FEES**

**PURPOSE**

Running Y Utilities, Inc. desires to offer backflow prevention device services to customers who own backflow prevention devices.

**AVAILABLE**

To customers of Running Y Utilities, Inc. at Running Y Ranch Resort, RidgeWater, and vicinity, Klamath Falls, Oregon.

**APPLICABLE**

To residential, commercial/industrial, and irrigation premises with backflow prevention devices installed at the meter.

**PROGRAM DESCRIPTION**

Service plans include:

1. Testing of newly installed devices prior to hook up to the Company's water system.
2. The required annual backflow prevention device testing by a state certified tester pursuant to Oregon Administrative Rules 333-061-0070 through OAR 333-061-0072.
3. Maintenance and repairs on the customer-owned backflow prevention device.

Running Y Utilities, Inc. offers the following plans and payment options for services provided by the Company:

1. Testing of new devices.
2. Required annual device testing.
3. Payment is due upon completion of services rendered.

Issue Date		Effective for Service on and after	
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CROSS CONNECTION CONTROL PROGRAM

BACKFLOW PREVENTION DEVICE SERVICES FEES  
(CONTINUED)

**BILLING RATES**

New device charges shall be assessed once per customer per backflow device location. Subsequent charges for testing backflow devices shall be at the existing rates.

Double Check Devices

New device 1" and under		\$45	
New device over 1" up to and including 2"		\$60	
New device over 2"		\$85	
Commercial property	additional	\$20	per device

Existing device 1" and under		\$35	
Existing device over 1" up to and including 2"		\$45	
Existing device over 2"		\$85	
Commercial property	additional	\$10	per device

Additional device(s)\* tested during same site visit      discount <\$10>

\*Excludes RPs

Reduced Pressure Backflow Preventer Device (RP)

1" and under	\$45
Over 1"	\$60

Miscellaneous

Confined space entry fee	\$100
Labor for maintenance & repair of device (1hr. min)	\$50 per hour
Parts	At cost

Issue Date		Effective for Service on and after	
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ADVICE NO. \_\_\_\_\_  
(PUC USE ONLY)

CROSS CONNECTION CONTROL PROGRAM  
BACKFLOW PREVENTION DEVICE SERVICES FEES  
 (CONTINUED)

**Special Provisions**

General

1. The customer is under no obligation to use the Company's backflow protection device testing services.
2. The customer can choose any qualified company or individual to test his/her backflow prevention device.
3. Customers who choose not to use the Company's backflow prevention services must sign the written refusal and return it to the Company. Customers who choose to continue not using the Company's backflow prevention services must each year notify the Company of the name of the company chosen and date backflow test is scheduled.
4. The Company will provide each customer with notification of the backflow prevention service options being offered. The notification shall include (1) an agreement for service that allows the customer to indicate which plan and payment arrangement the customer chooses, and (2) a written refusal of the Company's service.
5. The Company reserves the right to propose before the OPUC any change in the amount charged for the backflow prevention device testing, maintenance, and repair services.
6. Customers will be given the choice of accepting or rejecting a new agreement in advance of any rate increase.
7. The Company will separately itemize the backflow prevention device service fee on customer bills.

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ADVICE NO. \_\_\_\_\_  
 (PUC USE ONLY)

**RULES AND REGULATIONS**

**Rule 1: Jurisdiction of the Commission**

The Rules and Regulations herein shall be subject to the rules and regulations of the Public Utility Commission of Oregon.

**Rule 2: Definitions**

**“Utility” shall mean Running Y Utilities, Inc.**

- B. “Applicant” shall mean any person, business, or organization that applies for service or reapplies for service at a new existing location after service has been discontinued, except as noted in the definition of “Customer.”
- C. “Commission” shall mean the Public Utility Commission of Oregon.
- D. “Customer” shall mean any person, business, or organization who has applied for, been accepted to receive, or is currently receiving service. A customer who voluntarily discontinues service at the same or different premises within 20 (twenty) days after discontinuance retains customer status.
- E. “Residential customer premises” shall mean any dwelling and its land including, but not limited to, a house, apartment, condominium, townhouse, cottage, cabin, mobile home, or trailer house.
- F. “Commercial customer premises” shall mean any premises at which a customer carries on any major activity of gaining a livelihood or performing a public service. Such activity may be of a business, industrial, professional, or public nature.
- G. “Main” shall mean the pipe laid in the street, alley, or other right-of-way for the distribution of water to customers. It shall not include service lines.
- H. “Service connection” shall mean the pipe, stops, fittings, meter, and meter box laid from the main to the property line of the premises served.
- I. “Customer Service line” shall mean the pipe, stops, and fittings leading from the property line to the premises served.
- J. “Point of Delivery” is the property line or the outlet swivel/union of the meter defining where the service connection stops and the customer line starts.

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**APPLICATION FOR SERVICE**

Rule 3: Customer/Applicant Information (OAR 860-036-0015)

The utility shall provide or be able to provide customers or applicants with the following information:

- A. Instructions on how to read meters, either in writing or by explanation;
- B. Application and contract forms;
- C. Utility rules and regulations;
- D. Commission rules and regulations;
- E. Approved tariffs;
- F. Rights and Responsibilities Summary for Oregon Utility Consumers;
- G. Notices in foreign languages, if applicable;
- H. The utility's business address, telephone number, and emergency telephone number; and
- I. Notices approved by the Commission.

Rule 4: Application for Service (OAR 860-036-0035)

Application for water service must be made for each individual service. The application shall identify the applicant, the premises to be served, the billing address if different, the type of use to which the water is to be put, and an agreement to conform to the Rules and Regulations of the utility as a condition for receiving such service. The applicant shall, at this time, pay any scheduled fees or deposits. An application is a request for water utility service and shall not be accepted until the applicant establishes credit as set forth in OAR 860-036-0040.

An application for water service must be made where:

- A. An applicant who has not previously been served by the water utility requests service;
- B. Service has been involuntarily discontinued in accordance with the utility and Commission rules, and service is sought;
- C. Service has been voluntarily discontinued and a request to restore service has not been made within 20 days; or
- D. There is a change in the identity of a customer, the type of use to which the water is put, or the number of premises served.

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Rule 5: Deposit for Service (OAR 860-036-0040)

In accordance with the Commission's rules for credit establishment and deposit waiver, an applicant or a customer may be required to make a deposit to secure payment of bills for service. The deposit shall not exceed one-sixth (1/6) the amount of reasonable estimated billings for one year's use of service at the premises during the prior year or upon the type and size of the customer's equipment that will use the service. (OAR 860-036-0040)

The utility shall pay interest on deposits at the rate established by the Commission. After the customer has paid bills for service for 12 consecutive months without having had service discontinued for nonpayment, or more than two occasions in which a shut-off notice was issued, and the customer is not then delinquent in the payment of bills, the utility shall promptly and automatically refund the deposit plus accrued interest by (check one):

- 1) issuing the customer a refund check
- 2) crediting the customer's account; however, a customer is entitled to a refund upon request pursuant to OAR 860-036-0055.

Rule 6: Customer Service Line

The customer shall own and maintain the customer service line and promptly repair all breaks and leaks. The utility shall not be responsible for any damage or poor service due to inadequacy of the customer line or any portion of the customer's plumbing. All leaks in the customer line, faucets, and all other parts of the plumbing owned or controlled by the customer shall be promptly repaired so as not to waste water.

Rule 7: Separate Control of Service

All premises supplied with water will be served through service lines so placed as to enable the utility to control the supply to each individual premise using a valve placed within and near the line of the street, the utility right-of-way, or at the meter.

Rule 8: Service Connections (OAR 860-036-0060)

The utility shall furnish and install at its own expense all necessary trenching, pipe, valves, and fittings between its main line and the customer's service line. Such installation shall be designated as the service connection. The utility shall own, operate, maintain, and replace the service connection when necessary and promptly repair all breaks and leaks. The customer shall not be responsible for any damage or poor service due to inadequacy of the service lines or any portion of the utility's plumbing.

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Rule 9: Service Connection Charge

An applicant requesting permanent water service to premises not previously supplied with permanent water service by the utility shall be required to pay the service connection charge listed in the utility's Miscellaneous Service Charges Schedule.

Rule 10: Main Line Extension Policy (OAR 860-036-0065)

The utility shall specify the size, character, and location of pipes and appurtenances in any main line extension. Main line extensions shall normally be along streets, roads, highways, or other satisfactory rights-of-way. All construction work shall conform to all applicable rules, regulations, codes, and industry standards. Each main line extension shall normally extend along applicant's property line to the point the applicant's service line would be at a 90-degree angle to the street or main line.

Rule 11: Main Line Advances and Refunds Policy

Each new customer requesting a main line extension shall advance the utility the cost-base amount necessary to extend the main line to provide service.

For a period of five (5) years after construction of the requested main line extension, the utility shall also collect from any additional applicants whose service connections or service lines shall connect to said main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that portion used. The utility will then refund the share differential amount to those customers who previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced.

No part of the distribution system installed prior to the request for a main line extension shall be used to calculate any customer advance or refund.

Rule 12: Types of Use

Water service may be supplied for residential, commercial, irrigation, temporary construction, special contracts, fire prevention, and other uses. The utility shall file separate rate schedules for each type of use and basis of supply.

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Rule 13: Multiple Residences

An apartment building, mobile home park, motel, trailer camp, duplex, townhouse, or any other property consisting of more than one residential unit, if served through one service line, shall be considered to be equivalent to the number of dwelling units when determining the customer count.

Rule 14: Utility Access to Private Property (OAR 860-036-0120(3)(b) and OAR 860-036-0205(3))

Customers shall provide access during reasonable hours to utility-owned service lines that extend onto the premises of the customer for the purposes of reading meters, maintenance, inspections, or removal of utility property at the time service is to be discontinued. Where the customer does not cooperate in providing reasonable access to the meter or to the premises, as required by law or to determine if a health or safety hazard exists, it is grounds for disconnection.

Rule 15: Restriction on Entering a Customer Residence (OAR 860-036-0085)

No water utility employee shall enter the residence of its customers without proper authorization except in an emergency when life or property is endangered.

**REFUSAL OF SERVICE**

Rule 16: Refusal of Service Due to Customer Accounts (OAR 860-036-0080(1-3))

The utility may refuse to serve an applicant until receipt of full payment of overdue amounts, or other obligations related to a prior account of the applicant with the utility, when the following circumstances exist:

- A. An overdue amount remains outstanding by a customer at the service address;
- B. The applicant resided at the service address indicated in (A) during the time the overdue charges were incurred; and
- C. The person indicated in (A) will reside at the location to be served under the new application.  
(OAR 860-036-0080)

Service shall not be refused for matters not related to water service. Residential service shall not be refused due to obligations connected with nonresidential service.

If service is refused under this rule, the utility shall inform the applicant or customer of the reasons for the refusal and of the Commission's dispute resolution process.

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Rule 17: Refusal of Service Due to Utility Facilities (OAR 860-036-0080(7))

The utility shall not accept an application for service or materially change service to a customer if the utility does not have adequate facilities or water resources to render the service applied for, or if the desired service is of a character that is likely to unfavorably affect reasonable service to other customers.

For refusal of service under this rule, the utility shall provide a written letter of refusal to the applicant informing applicant that the details upon which the utility's decision was based may be requested. A copy of such notice will be sent to the Commission. The details will include, but not be limited to:

- A. Current capacity and load measured in gallons or cubic feet per minute;
- B. Current capacity and load measured in pounds per square inch;
- C. Cost to the utility for additional capacity in order to provide the additional service; and
- D. Information regarding the appeal process of the utility's refusal to provide service is available through the Commission's dispute resolution process pursuant to OAR 860-036-0025.

Rule 18: Refusal of Service Due to Customer Facilities (OAR 860-036-0080(4-6))

The utility shall refuse service to an applicant or customer whose facilities do not comply with applicable plumbing codes or, if in the best judgment of the utility, are of such a character that safe and satisfactory service cannot be given.

If service is refused under this rule, the utility will provide written notification to the customer within 10 working days stating the reason(s) for refusal and providing information regarding the Commission's complaint process. A copy of the notification will also be sent to the Commission.

**METERS**

Rule 19: Utility Meters (OAR 860-036-0105)

The utility shall own, maintain, and operate all meters. Meters placed in service shall be adequate in size and design for the type of service, set at convenient locations, accessible to the utility, subject to the utility's control, and placed in a meter box or vault between the street curb and property line. Each meter box or vault shall be provided with a suitable cover.

Where additional meters are furnished by the utility or relocated for the convenience of the customer, a reasonable charge may be made in accordance with a schedule approved by the Commission.

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The water utility shall have the right to set meters or other devices for the detection and prevention of fraud or waste without notice to the customer.

Each customer shall provide the utility with regular access to the meter on the customer's property. Failure to permit access at reasonable times and after reasonable notice by the utility requesting access is grounds for disconnection. (OAR 860-036-0120) Should damage result to the meter from molesting, tampering, or willful neglect on the part of the customer, the utility shall repair or replace the meter and may bill the customer for the reasonable cost. (OAR 860-036-0105(6))

Rule 20: Meter Testing (OAR 860-036-0110)

The meter shall be tested prior to or within 30 (thirty) days of installation to determine it is accurate to register not more than 2 percent error. No meter shall be allowed to remain in service if it registers an error in excess of 2 percent under normal operating conditions. The utility shall maintain a record of all meter tests and results. Meter test result records shall include:

- A. Information necessary to identify the meter;
- B. Reason for making the test;
- C. Date of test;
- D. Method of testing;
- E. Meter readings;
- F. Test results; and
- G. Any other information required to permit convenient checking of methods employed.

Rule 21: Customer-Requested Meter Test (OAR 860-036-0115)

A customer may request that the utility test the service meter; such test shall be made within 20 working days of the receipt of such request at no cost to the customer. The customer has the right to be present during said test, which is to be scheduled at a mutually agreeable time. A written report shall be provided to the customer stating:

- A. Customer's name;
- B. Date of the customer's request;
- C. Address at which the meter has been installed;
- D. Meter identification number;
- E. Date of actual test; and
- F. Test results.

Issue Date		Effective for Service on and after	
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If a customer requests a meter test more often than once in any 12-month period, the deposit listed on the Miscellaneous Service Charges Schedule may be required to recover the cost of the test. If the meter is found to register more than 2 percent fast under conditions of normal operation, the utility shall refund the deposit to the customer.

**BILLING**

Rule 22: Billing Information/Late-Payment Charge (OAR 860-036-0120, OAR 860-036-0125 and OAR 860-036-0130)

Bills are due and payable when rendered by deposit in the mail or other reasonable means of delivery. As near as practical, **meters shall be read at**  **monthly**,  **bimonthly**,  **quarterly**, or  **annual intervals** on the corresponding day of each meter reading or billing period. The bill shall be rendered immediately thereafter. (OAR 860-036-0120(3) requires water utilities to bill at monthly intervals. A utility may request upon application special authority by the Commission to bill at intervals other than monthly.) The utility shall make reasonable efforts to prepare opening and closing bills from actual meter readings. When there is good reason for doing so, estimated bills may be submitted. Any estimated billings shall be clearly designated as such.

The late-payment charge determined by the Commission and listed on the Miscellaneous Service Charges Schedule shall be applied to all overdue balances at the time of preparing the subsequent months' bill or balances owing that are 30 days old.

**All bills become delinquent if not paid within 15 days** of the date of transmittal of the bill. (OAR 860-036-0125 requires a minimum of 15 days.) If permitted to become delinquent, water service may be terminated after proper notice as provided in Rule 29, Disconnection/Reconnection Visit Charge.

All water service bills shall show:

- A. Beginning and ending meter readings for the billing period;
- B. Beginning and ending dates of the period of service to which the bill applies;
- C. For all metered bills, beginning and ending meter readings for the period for which the bill is rendered;
- D. Number of units of service supplied stated in gallons or cubic feet;
- E. Schedule number under which the bill was computed;
- F. Delinquent date of the bill;
- G. Total amount due; and
- H. Any other information necessary for the computation of the bill.

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Rule 23: Returned-Check Charge

The returned-check charge listed on the Miscellaneous Service Charges Schedule shall be billed for each occasion a customer submits a check for payment that is not honored, for any reason, by a bank or other financial institution.

Rule 24: Prorating of Bills

Initial and final bills will be prorated according to the number of days service was rendered and on the basis of a 31-day month. For metered services, the meter will be read upon opening and closing a customer's account. Consumption will be charged at scheduled rates. Any minimum monthly charge will be prorated.

Rule 25: Adjustment of Bills (860-036-0135)

When an underbilling or overbilling occurs, the utility shall provide written notice to the customer detailing the circumstances, period of time, and the amount of the adjustment. If it can be shown that the error was due to an identifiable cause, the date of which can be fixed, the overcharge or undercharge shall be computed back to such date. If no date can be fixed, the utility shall refund the overcharge or rebill the undercharge for no more than six months' usage. In no event shall an overbilling or underbilling be for more than three years' usage. No billing adjustment shall be required if a meter registers less than 2 percent error under conditions of normal operation.

When a customer is required to repay an underbilling, the customer shall be entitled to enter into a time-payment agreement without regard to whether the customer already participates in such an agreement. If the customer and the utility cannot agree upon payment terms, the Commission shall establish terms and conditions to govern the repayment obligation. The utility shall provide written notice advising the customer of the opportunity to enter into a time-payment agreement and of the Commission's complaint process.

Issue Date		Effective for Service on and after	
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**DISCONNECTION OF WATER SERVICE**

Rule 26: Voluntary Discontinuance (OAR 860-036-0210)

Except for emergencies, customers who (for any reason) wish to have service discontinued shall provide the utility with at least five days' advance notice of the requested date of discontinuance of service. Until the utility receives such notice, the customer shall be held responsible for all service rendered. Should the customer wish to recommence service within 12 months at the same premises, the customer will be required to pay the customary minimum monthly charge as if service had been continuous. The reconnection charge listed on the Miscellaneous Service Charges Schedule will be applicable at the time of reconnection.

Rule 27: Emergency Disconnection (OAR 860-036-0215)

The utility may terminate service in emergencies when life or property is endangered without following the procedures set forth in OAR 860-036-0245. Immediately thereafter, the utility will notify the customer and the Commission. When the emergency termination was through no fault of the customer, there shall be no charge made for restoration of service.

Rule 28: Disconnection of Water Service Charge for Cause (OAR 860-036-0205 and 0245)

When a customer fails to comply with the utility's rules and regulations, or permits a bill or charge for regulated services to become delinquent (except for nonpayment of a time-payment agreement\*), the utility shall give at least five days' written notice before water may be shut off. The notice shall state:

- A. The reason(s) for the proposed disconnection;
- B. The earliest date for disconnection;
- C. The amount to be paid to avoid disconnection;
- D. An explanation of the time-payment provision of OAR 860-036-0125;
- E. Information regarding the Commission's dispute resolution process; and
- F. The Commission's Consumer Services toll-free number, 1-800-522-2404.

Prior to disconnection on the day that the water utility expects to disconnect service, the utility must make a good-faith effort to physically contact the customer to be disconnected or an adult at the customer's premise to be disconnected to advise the customer or adult of the proposed disconnection. If contact is not made, the utility shall leave a notice in a conspicuous place at the customer's premise informing the customer that service has been or is about to be disconnected. The utility shall document its efforts to provide notice and make that documentation available to the customer upon request.

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Service shall not be shut off for nonemergencies on a Friday or the day of a state- or utility-recognized holiday or the day prior to such holiday. (OAR 860-036-0220)

The utility shall not disconnect residential service due to the failure to pay or meet obligations associated with nonresidential service. (OAR 860-036-0225)

A water utility may not disconnect residential service for nonpayment if a customer enters into a written time-payment plan. The utility will offer such customers a choice of payment agreements between a levelized-payment plan and an equal-pay arrearage plan or some other mutually agreeable alternate payment arrangement agreed to in writing. (OAR 860-036-0125)

\*When a customer fails to comply with the terms of a written time-payment agreement between the customer, and/or the utility permits a time-payment agreement charge to become delinquent, the utility shall give at least 15 days' written notice before the water may be shut off.

Rule 29: Reconnection Charge and Disconnection Visit Charge (OAR 860-036-0080 and 0245(7))

Service shall not be restored until the utility's rules and regulations are complied with and/or payment is made in the amount overdue and any additional disconnection, reconnection, or disconnection visit charges incurred as listed on the Miscellaneous Service Charges Schedule are paid.

Rule 30: Unauthorized Restoration of Service

After the water has been disconnected or shut off at the curb stop or at the meter, if any person not authorized by the utility should turn it on, the water service line may be disconnected without notice. Service shall not be reconnected until all arrearages, all cost-of-service disconnection and reconnection, and the reconnection charge listed on the Miscellaneous Service Charges Schedule are paid in full.

Rule 31: Unauthorized Use

No person shall be allowed to make connection to the utility mains, or to make any alteration to service connections, or to turn a curb stop off or on to any premises, without written permission of the utility. Meter tampering, diverting service, or any other unauthorized use of service will automatically cause a disconnection of the water service and meter removal. All fees, costs of disconnection and reconnection, past-due billings, and service charges listed on the Miscellaneous Service Charges Schedule must be paid in full before any service is restored. An advance deposit for restoration of service may be required.

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Rule 32: Interruption of Service (OAR 860-036-0075)

The utility shall have the right to shut off the water supply temporarily for repairs and other necessary purposes. The utility shall use all reasonable and practicable measures to notify affected customers in advance of such discontinuance of service except in the case of emergency repairs. The utility shall not be liable for any inconvenience suffered by the customer or damage to the customer's property arising from such discontinuance of service.

The utility shall keep a record of all service interruptions affecting its whole system or a major section thereof, including the time and date of interruption, duration, and cause or purpose of interruption.

Rule 33: Water Supply/Usage Restrictions (OAR 860-036-0325)

The utility shall exercise due diligence to furnish a continuous and adequate supply of water to its customers. If water restrictions are necessary to equitably apportion its available water supply among its customers with due regard to public health and safety, the utility shall provide written notification to its customers and the Commission including:

- A. Reason for the restriction;
- B. Nature and extent of the restriction;
- C. Effective date of the restriction; and
- D. Probable date of termination of such restriction.

Rule 34: Damages/Tampering

Should damage result to any of the utility's property from molesting or willful neglect by the customer to a meter or meter box located in the customer's building, the utility will repair or replace such equipment and will bill the customer for the costs incurred.

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**SERVICE QUALITY**

Rule 35: System Maintenance (OAR 860-036-0305)

The utility shall have and maintain its entire plant, distribution system, and hydrants in such condition that it will furnish safe, adequate, and reasonable continuous service. The utility shall inspect its facilities in such manner and with such frequency as may be necessary to ensure a reasonably complete knowledge of its condition and adequacy at all times.

The utility shall keep such records of all routine maintenance as considered necessary for the proper maintenance of its system, including regular flushing schedules, exercising of valves, and valve inspections.

Rule 36: Trouble Call

The trouble-call charge listed on the Miscellaneous Service Charges Schedule may be billed whenever a customer requests that the utility visit the customer's premises to remedy a service problem and the problem is due to the customer's facilities.

Rule 37: Water Purity (OAR 860-036-0310)

The utility shall deliver water for domestic purposes free from bodily injurious physical elements and disease-producing bacteria and shall cause such tests to be made and precautions taken as will ensure the constant purity of its supply.

The utility shall keep a record of all water quality testings, results, monitoring, and reports.

The utility shall deliver domestic water that is reasonably free from elements that cause physical damage to customer property such as pipes, valves, appliances, and personal property. A water supply that causes such damage will be remedied until the conditions are such as to not reasonably justify the necessary investment.

Rule 38: Water Pressure (OAR 860-036-0315)

Each water utility shall maintain pressure at a minimum of 20 pounds per square inch (psi) for health reasons to each customer at all times and not exceed a maximum of 125 psi. The 20 psi and 125 psi standards are not presumed to be adequate service and do not restrict the authority of the Commission to require improvements where water pressure or flow is inadequate.

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In general, 40 psi of water pressure in the water mains is usually adequate for the purposes of this rule. Adequate pressure may vary depending on each individual water system and its customers' circumstances. In the case of a dispute, the Commission will determine the appropriate water pressure for the water utility.

Rule 39: Pressure Surveys (OAR 860-036-0320)

The utility shall have a permanently placed pressure gauge located on a main that is representative of the system's pressure. A portable gauge in good working condition shall be available for checking pressure conditions in any part of the distribution area.

Rule 40: Customer-Requested Pressure Test (OAR 860-036-0320)

Upon customer request, the utility will perform a water pressure test within 20 working days of the request at no cost to the customer. If the customer requests more than one pressure test within any 12-month period, a deposit to recover the reasonable cost of the additional test may be required of the customer. The deposit shall be returned if the pressure test indicates less than 20 psi or more than 125 psi. The customer or designated representative has the right to be present at the pressure test, and said test shall be conducted at a mutually agreeable time.

For metered service, the pressure will be tested at a point adjacent to the meter on the customer's service line. For nonmetered service, the pressure will be tested at the customer's service line or hose bibb or other reasonable point likely to best reflect the actual service pressure.

Rule 41: Maps/Records (OAR 860-036-0335)

The utility shall keep on file current maps and records of the entire plant showing size, location, character, and date of installation of major plant items, including shut-off valves.

Rule 42: Utility Line Location (One Call Program) (OAR 860-036-0345)

The utility and its customers will comply with the requirements of OAR 952-001-0010 through and including OAR 952-001-0090 (One Call Program) regarding identification and notification of underground facilities.

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Rule 43: Cross Connection/Backflow Prevention Program

Running Y Utility Company provides cross connection and/or backflow services as stated in the Company's tariff sheets designated PUC Oregon No. 2, Schedule No. 6, pages 8 through 9.

1:01	Authority
1:02	Definitions
1:03	Purpose
1:04	Cross Connections Regulated
1:05	Backflow Prevention Assembly Requirements
1:06	Installation Requirements
1:07	Access to Backflow Assembly Devices
1:08	Annual Testing and Repairs
1:09	Costs of Compliance
1:10	Termination of Service
1:11	Records and Reporting Requirements
1:12	Constitutionality and Saving Clause

1:01 AUTHORITY

Pursuant to Chapter 333, Division 061 and Chapter 860, Division 036 of the Oregon Administrative Rules, it is the responsibility of Running Y Utility Company, Inc. to protect its drinking water by instituting and enforcing a cross connection program. Therefore, the following regulation is hereby adopted:

1:02 DEFINITIONS

(1) "Approved backflow prevention assembly" means a Reduced Pressure Principle-Detector Backflow Prevention Assembly, Double Check Valve Backflow Prevention Assembly, Double Check-Detector Backflow Prevention Assembly, Pressure Vacuum Breaker Backsiphonage Prevention Assembly, or Spill-Resistant Pressure Vacuum Breaker Backsiphonage Prevention Assembly, of a make, model, orientation, and size approved by the Department. Assemblies listed in the currently approved backflow prevention assemblies list developed by the University of Southern California, Foundation for Cross-Connection Control and Hydraulic Research, or other testing laboratories using equivalent testing methods, are considered approved by the Oregon Department of Human Services.

(2) "Auxiliary supply" means any water source or system, other than the Running Y Utilities, Inc. system, that may be available in the building or on the premises.

(3) "Backflow" means the flow in the direction opposite to the normal flow or the introduction of any foreign liquids, gases, or substances into the water system of the corporation.

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(4) "Contaminant" means any physical, chemical, biological, or radiological substance or matter in water that creates a health hazard.

(5) "Cross Connection" means any actual or potential unprotected connection or structural arrangement between the public or user's potable water system and any other source or system through which it is possible to introduce into any part of the potable system any used water, industrial fluid, gas, or substances other than the intended potable water with which the system is supplied. Bypass arrangements, jumper connections, removable sections, swivel, or change-over devices, and other temporary or permanent devices through which, or because of which, backflow can occur are considered to be cross connections.

(6) "Degree of Hazard" means either pollution (non-health hazard) or contamination (health hazard) and is determined by an evaluation of hazardous conditions within a system.

(7) "Double Check Valve Backflow Prevention Assembly (DC)" means an assembly of two independently acting approved check valves, including tightly closing resilient seated shutoff valves attached at each end of the assembly and fitted with properly located resilient seated test cocks. This assembly is designed to protect against a non-health hazard.

(8) "Health hazard" means an impairment of the quality of the water that could create an actual hazard to the public health through poisoning or through the spread of disease by sewage, industrial fluids, waste, or other substances.

(9) "Potable water supply." See Safe Drinking Water.

(10) "Premises" means real estate and structures located on it

(11) "Pressure Vacuum Breaker Backsiphonage Prevention Assembly (PVB)" means an assembly consisting of an independently operating, internally loaded check valve and an independently operating loaded air inlet valve located on the discharge side of the check valve. This assembly is to be equipped with properly located resilient seated test cocks and tightly closing resilient seated shutoff valves attached at each end of the assembly. This assembly is designed to protect against a non-health hazard or a health hazard under backsiphonage conditions only.

(12) "Reduced Pressure Principle Backflow Prevention Assembly (RP)" means an assembly containing two independently acting approved check valves, together with a hydraulically operating, mechanically independent pressure differential relief valve located between the check valves and at the same time below the first check valve. The unit shall include properly located resilient seated test cocks and tightly closing resilient seated shutoff valves at each end of the assembly. This assembly is designed to protect against a non-health hazard or a health hazard.

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(13) "Reduced Pressure Principle-Detector Backflow Prevention Assembly (RPDA)" means a specifically designed assembly composed of a line size approved reduced pressure principle backflow prevention assembly with a bypass containing a specific water meter and an approved reduced pressure principle backflow prevention assembly. The meter shall register accurately for only very low rates of flow up to three gallons per minute and shall show a registration for all rates of flow. This assembly is designed to protect against a non-health hazard or a health hazard.

(14) "Safe Drinking Water" means water which has sufficiently low concentrations of microbiological, inorganic chemical, radiological or physical substances so that individuals drinking such water at normal levels of consumption will not be exposed to disease organisms or other substances which may produce harmful physiological effects.

(15) "System hazard" means an actual or potential threat of severe danger to the physical properties of the corporation's or consumer's potable water system or of a pollution of contamination which would have a detrimental effect on the quality of the potable water in the system.

1:03 PURPOSE

The purpose of these regulations is to protect the water supply of Running Y Utilities, Inc. from contamination or pollution due to any existing or potential cross connections.

1:04 CROSS CONNECTIONS REGULATED

No cross connections shall be created, installed, used or maintained within the water system served by Running Y Utilities, Inc., except in accordance with these regulations.

1:05 BACKFLOW PREVENTION ASSEMBLY REQUIREMENTS

Approved backflow prevention assemblies shall be installed at the expense of the user, either at the service connection or within the premises, as determined by a certified cross connection inspector employed by the corporation, whenever:

- (1) The nature and extent of any activity of the premises, or the materials used in connection with any activity of the premises, or materials stored on the premises, could contaminate or pollute the drinking water supply.
- (2) Premises having any one or more cross connections, as that term is defined in Section 1:02, Paragraph 6, are identified or are present.
- (3) Internal cross connections that are not correctable, or intricate plumbing arrangements which make it impractical to ascertain whether or not cross connections exist are present.
- (4) There is a repeated history of cross connections being established or reestablished.

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- (5) There is unduly restricted entry so that inspection for cross connections cannot be made with sufficient frequency or with sufficient notice to assure that cross connections do not exist.
- (6) Materials of a toxic or hazardous nature are being used such that, if backflow should occur, a health hazard could result.
- (7) Any mobile apparatus which uses Running Y Utilities, Inc. water or water from any premises within Running Y Utilities, Inc. system.
- (8) All new construction shall submit their plans to Running Y Utilities, Inc. for review and determination of the necessity of an assembly.
- (9) Installation of an approved backflow prevention assembly is deemed to be necessary to accomplish the purpose of these regulations in the judgment of a certified cross connection specialist employed by Running Y Utilities, Inc.
- (10) Installation of an approved backflow prevention assembly is deemed to be necessary to maintain requirements of the Uniform Plumbing Codes.
- (11) An appropriate cross connection report form has not been filed with Running Y Utilities, Inc.
- (12) A fire sprinkler system using non-potable piping material is connected to Running Y Utilities, Inc. water system.

1:06 INSTALLATION REQUIREMENTS

To ensure proper operation and accessibility of all backflow prevention assemblies, the following requirements shall apply to the installation of these assemblies.

- (1) No part of the backflow prevention assembly shall be submerged in water or installed in a location subject to flooding. If installed in a vault or basement, adequate drainage shall be provided.
- (2) Assemblies must be installed at the point of delivery of the water supply, before any branch in the line, on private property located just inside of the property line. Alternate locations must be approved in writing by Running Y Utilities, Inc. prior to installations.
- (3) The assembly must be protected from freezing and other severe weather conditions. It is the responsibility of the assembly owner to provide protection from freezing and other severe weather conditions.
- (4) All backflow prevention assemblies shall be of a type and model approved by the Oregon Department of Human Services and Running Y Utilities, Inc.
- (5) Only assemblies specifically approved by the Oregon Department of Human Services for vertical installation may be installed vertically.

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- (6) The assembly shall be readily accessible with adequate room for maintenance and testing. Assemblies 2 inches and smaller shall have at least 6-inch clearance on all sides of the assembly. All assemblies larger than 2 inches shall have a minimum clearance of 12 inches on the back side, 24 inches on the test cock side, 12 inches below the assembly and 36 inches above the assembly. "Y" pattern double check valve assemblies shall be installed so that the checks are horizontal and the test cocks face upward.
- (7) If written permission is granted to install the backflow assembly inside of the building, the assembly shall be readily accessible during regular working hours of 8:00 a.m. to 5:00 p.m., Monday through Friday. Running Y Utilities, Inc. shall inform the customer that failure to provide access to the device for inspection after may result in disconnection of service pursuant to OAR 860-036-0205.
- (8) If an assembly, with written permission, is installed inside of the premises and is 4 inches or larger and is installed 4 feet above the floor, it must be equipped with a rigidly and permanently installed scaffolding acceptable to Running Y Utilities, Inc. This installation must also meet the requirements set out by the U. S. Occupational Safety and Health Administration and the State of Oregon Occupational Safety and Health Codes.
- (9) Reduced pressure principle assemblies may be installed in a vault only if relief valve discharge can be drained to daylight through a "boresight" type drain. The drain shall be of adequate capacity to carry the full rated flow of the assembly and shall be screened on both ends.
- (10) An approved air gap shall be located at the relief valve orifice. This air gap shall be at least twice the inside diameter of the incoming supply line as measured vertically above the top rim of the drain and in no case less than 1 inch.
- (11) Where a backflow assembly is deemed necessary, the model of assembly and installation plans shall be submitted to Running Y Utilities, Inc. for approval prior to installation.
- (12) Upon completion of installation, Running Y Utilities, Inc. shall be notified and all assemblies must be inspected and tested. All backflow prevention assemblies must be registered with Running Y Utilities, Inc. Registration shall consist of date of installation, make, model, serial number of the backflow assembly, and initial test report.
- (13) An air gap is not an approved means of premises isolation cross connection protection in Running Y Utilities, Inc.
- (14) It is the responsibility of the property owner to eliminate the possibility of thermal expansion if a closed system has been created by the installation of a backflow assembly.
- (15) Any water pressure drop caused by the installation of a backflow assembly is not the responsibility of Running Y Utilities, Inc., as long as Running Y Utilities, Inc. meets the pressure requirement of OAR 860-36-0315.

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Any variances from these installation requirements shall be requested in writing by the owner and approved by Running Y Utilities, Inc.

1:07 ACCESS TO BACKFLOW ASSEMBLY DEVICES

Authorized employees of Running Y Utilities, Inc., with proper identification, shall have access during reasonable hours to all parts of the premises and within the building to which water is supplied. However, if any water user refuses access to the premises or to the interior of a structure at reasonable times and on reasonable notice for inspection testing by a cross connection specialist appointed by Running Y Utilities, Inc., Running Y Utilities, Inc. may disconnect service or refuse service pursuant to OAR 860-036-0205 and 860-036-0080, respectively. A reduced pressure principle assembly must be installed at the service connection or access to the premises for the inspection of the backflow assembly device will be required before service will be provided.

1:08 ANNUAL TESTING AND REPAIRS

- (1) All backflow assemblies shall be tested immediately upon installation.
- (2) All backflow assemblies shall be tested at least annually thereafter by a state-certified tester (of the customer's choosing and at the customer's expense).
- (3) Backflow assemblies may periodically be tested by a Running Y Utilities, Inc. certified tester if the corporation has reasonable proof that the device has a history of test failures. Running Y Utilities, Inc. will be responsible for all costs associated with the periodic testing, except in cases where the device fails the periodic test. In such cases, the customer will bear the cost of the test, repairs, and/or replacement, and retesting.
- (4) All such assemblies found not functioning properly shall be promptly repaired or replaced by the water user. In situations involving extreme health risks, as defined by the Oregon Department of Human Services, if the test fails and the device cannot be repaired immediately, Running Y Utilities, Inc. may disconnect service without prior notice in accordance with 860-036-0215. In situations other than extreme health risks, a compliance date will be established of not more than sixty (60) days (or less depending upon the degree of hazard involved and the history of the device(s) in question) after the test date.

1:09 COSTS OF COMPLIANCE

All costs associated with purchase, installation, inspections, testing, replacement, maintenance, parts, and repairs of the backflow assembly are the financial responsibility of the water user.

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1:10 TERMINATION OF SERVICE

- (1) Failure on the part of any customer to discontinue the use of all cross connections and to physically separate cross connections is sufficient cause for the discontinuance of Running Y Utilities, Inc. water service to the premises pursuant to OAR 860-036-0205 through 860-036-0245.
- (2) The failure on the part of any customer to pay any fee or charge incurred under these regulations, or the failure to comply with any other requirement of these regulations, shall be sufficient cause for discontinuance of water service pursuant to OAR 860-036-0205 (after notice in the same manner as a disconnect notice for nonpayment of charges billed for water use, OAR 860-036-0245). If such noncompliance presents an emergency endangering life or property such as danger of contamination (as certified by the Oregon Department of Human Services) or damage to the water system, the discontinuance may be immediate, without prior notice, according to OAR 860-036-0215.

1:11 RECORDS AND REPORTING REQUIREMENTS

- (1) Running Y Utilities, Inc. will initiate and maintain a written cross connection control program which shall include the following:
  - (a) A current master list of facilities, and premises which are subject to inspection.
  - (b) An inspection schedule.
- (2) Running Y Utilities, Inc. shall maintain the following at its main office:
  - (a) Current records, dates, and pertinent information on all backflow assembly installations, inspections, and test results; and
  - (b) A current list of state certified installers, inspectors, and testers in the area (name, address, and telephone number).
- (3) Running Y Utilities, Inc. will submit an annual summary of cross connection inspections to the Oregon Department of Human Services, Drinking Water Program.

1:12 CONSTITUTIONALITY AND SAVING CLAUSE

That if any provision, section, sentence, clause or phrase of this resolution or the application of same to any person or set of circumstances are for any reason held to be unconstitutional, void, invalid or for any reason unenforceable, the validity of the remaining portions of this resolution or its application to other persons or circumstances shall not be affected thereby, it being the intent of the Running Y Utilities, Inc. Board of Directors in adopting and the Chairman of the Board in approving this resolution that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision, or regulation.

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